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SENSITIVE

STATE FOR EAP/PMBS, S/CT FOR KAREN CHANDLER, INR/EAP/SEA,
INL/C/CP, AND INL/AAE FOR PRAHAR, KAPOYOS, AND MCKAY
JAKARTA FOR ICITAP/HARDGROVE
BANGKOK FOR ILEA
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SUBJECT: LAW ENFORCEMENT CORRUPTION IN THE PHILIPPINES

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11. (SBU) SUMMARY. The nexus of law enforcement corruption in the Philippines lies in four key areas: 1) bribery in recruitment and extortion in training; 2) ineffectual and politically manipulated Internal Affairs; 3) financial mismanagement; and, 4) procurement and resource mismanagement. PNP leadership has admitted that the PNP has a problem with endemic corruption and taken initial steps toward reform. However, sustaining positive change is dependent upon transient command personalities, resisted by an entrenched old guard, and vulnerable to the exigencies of politics. Post's proposed Management Assessment of the Philippine Police (MAPP) would provide the basis for a strategic overview and a comprehensive reform plan. END SUMMARY.

CORRUPTION AND MALFEASANCE

12. (SBU) According to Transparency International's "2004 Global Corruption Barometer," the Philippine National Police (PNP) is the most corrupt national institution in the Philippines. Corruption in the PNP and related agencies stems primarily from the unholy trinity of gambling, drugs, and prostitution that beset law enforcement organizations worldwide. However, PNP corruption is exacerbated by Philippine law, which gives local officials control over the appointment and dismissal of local PNP commanders, encouraging corrupt city mayors to make common cause with dishonest police commanders. Mission observers compare the PNP to police forces in Al Capone's Chicago or 1940's "L.A. Confidential" Los Angeles.

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13. (SBU) Apart from corruption, many cops undertake investigative short cuts that often employ physical abuse, the planting of evidence, and sometimes -- allegedly under guidance from local elected officials -- the extra-judicial killing of criminal suspects. The PNP suffers from a potent combination of malfeasance (misconduct or wrongdoing) and misfeasance (improper and unlawful execution of an act that in itself is lawful and proper) within an institutional culture of poor management. The results permit not only corruption but also a level of incompetence that is often indistinguishable from corruption. Mission law enforcement officials often find individual PNP members courageous, but -- especially at junior levels -- tempted by the opportunities (and, given the poverty-level wages, the virtual necessity) to "learn how to earn" from corrupt officers in the field.

14. (SBU) The PNP leadership has admitted the PNP has a problem with endemic corruption, and has publicly expressed a willingness to improve the PNP as an institution. After his appointment as PNP Chief in September 2004, then-Director General Edgar Aglipay made several moves to counter growing criticism of PNP incompetence under the tenure of Hermogenes Ebdane (formerly National Security Adviser and now Secretary of Public Works and Highways). Aglipay used his six-month term in office to acknowledge publicly the PNP's culture of misfeasance, incompetence, and corruption, and to create disciplinary barracks at the former U.S. Naval base at Subic Bay and in Camp Molintas in Benguet province. Since October 2004, 198 police officials identified by their commanders as

lazy, undisciplined, and abusive have had to undergo one of five re-training courses or a "Values and Leadership Enhancement Course."

15. (SBU) In addition, Aglipay inaugurated campaigns against the solicitation of petty bribes for minor traffic offenses, and succeeded in getting officers back in proper uniform, properly groomed, and visible on their beats. Even the appearance of PNP headquarters at Camp Crame noticeably improved, with interior courtyards cleared of refuse, drained of still water, and landscaped. Under "Project Item," the PNP optimized deployment of personnel to perform the three basic police functions of patrolling, traffic management, and investigation. National Capitol Region command staff again prowl the streets at night, conducting snap inspections of police posts and checkpoints. There is an increasingly visible police presence on many major thoroughfares during rush hour and at night, an important component of the "broken windows" school of community policing. Encouragingly, incoming Director Auturo Lomibao appears ready to continue with many of Aglipay's initiatives (ref A).

RECRUITMENT AND TRAINING - YOU GOTTA PAY TO PLAY

16. (SBU) In a PNP Anti-Corruption Plan submitted by outgoing chief Director General Aglipay to President Arroyo, the PNP made public what has been common knowledge for years -- bribery of police trainers and extortion of recruits are common practices. As one Internal Affairs Service Police Superintendent (Colonel equivalent) at a PNP training institution quipped to poloff, "when you start with garbage, you get garbage." The Filipino press has reported complaints of extortion of recruits in the Visayas and the Autonomous Region of Muslim Mindanao (ARMM) by officials of the National Police Commission (NAPOLCOM), the official body charged with supervision and recruitment of police officers. Police trainees and local government officials have complained that NAPOLCOM officials also sometimes receive amounts ranging from 50,000 to 100,000 pesos (\$900-\$1,800) for swearing in police recruits who fail the entrance tests but are willing to pay bribes.

17. (SBU) Under Philippine law, the Department of Interior and Local Government (DILG) controls the institutions -- the Philippine Public Safety College (PPSC) and the Philippine National Police Academy (PNPA) -- that provide entry-level and senior-executive training for the PNP. Both civilians and PNP instructors staff the institutions. Officially, the PPSC provides equipment and training allowances to its students, with the GRP budgeting 1,370 pesos (approximately \$25) per student per day for a 90-day training course for enlisted police recruits. However, according to Embassy contacts, students only spend 60 of those 90 days in training, with a third of the training days at the discretion of the local training centers, providing an excellent opportunity for skimming. While the PNPA in principle provides equipment and uniforms to officer recruits, much of the equipment needed for training is reportedly either non-existent or of poor quality (handguns in particular). Recruits from both institutions often must take out loans or buy what they need on installment plans from individuals and businesses connected to PPSC or PNPA staff. Many newly minted officers graduate from the PPSC and PNPA heavily in debt and unprepared to face the dangers of their new assignments. PNPA cadets are also sometimes expected to perform personal errands for their instructors during class time in exchange for passing grades, according to contacts.

18. (SBU) According to PNP sources, PPSC misconduct continues with the siphoning off of funds for the six-month Public Safety Officer Senior Executive Course (PSOSEC), a requirement for all PNP officials at the Superintendent rank who want to be eligible for promotion to Chief Superintendent (Brigadier General equivalent). Internal PSOSEC documents cited an unspecified Training Sustenance Allowance "subject to availability of funds," which often do not exist in practice despite budget allocations. PSOSEC also contains a foreign travel requirement supposedly funded by the PPSC, where students travel to countries such as the United States and Australia to observe counterpart institutions. However, according to PNP contacts, PPSC instructors often tell students that there are "no funds available" for the trip and the students must pay not only their own way, but also that of their instructors. Because the students fear they may not qualify for coveted US and Australian visas as ordinary tourists and want the promotions upon graduation, they allegedly readily agree to the payola and go along with the fiction that the trip is official GRP-funded travel.

INTERNAL AFFAIRS SERVICE - THE PNP'S PAPER TIGER

19. (SBU) PNP contacts have confirmed that the PNP has yet to make much headway into cases of malfeasance, even when its intelligence and surveillance operations collect proof of

cops planting evidence or extorting bribes from criminal suspects. According to experienced observers both within and outside the PNP, the Internal Affairs Service (IAS) has a relationship that is too close and collegial to the force it is supposed to investigate. PNP sources allege the highest levels of the PNP Command Staff and elected officials often pressure IAS to drop or whitewash investigations, and then use dirty cops for their own political ends.

¶10. (SBU) IAS is fractured -- each of the 13 regions and 5 districts in Metro Manila has its own IAS, leading to fraternization with the commands each investigates and inspects. The IAS budget comes from the office of the PNP Chief. Past PNP Chiefs (including Aglipay) have shown themselves reluctant to expend scarce resources to air dirty laundry on their watch and harm their chances of a lucrative Cabinet slot after their brief tenure (former PNP Chiefs in Cabinet-level slots include not only Public Works Secretary Ebdane but also Transportation Secretary Leandro Mendoza). Given these parameters, much of the IAS budget appears to be diverted to other needs. Often, internal affairs investigations are used to score public points against members of rival PNP factions. Even these operations usually fail to deliver swift, sure, and public justice that would deter corrupt cops. Administrative dismissals of corrupt police officials are possible, but are of mostly low-ranking non-commissioned officers (in 2004 the PNP dismissed 269 NCOs and 9 officers). To fire higher-ranking officers for corruption or incompetence requires consistent pressure from the highest levels of the PNP command staff over a period of months if not years, which many consider an unattainable goal in a force that has had 12 chiefs in 14 years.

¶11. (SBU) In one high profile case, onetime National Bureau of Investigation (NBI) "Confidential Agent" Martin Soriano was dismissed by the NBI in 1999 for a series of illegal activities. Soriano, allegedly operating under the protection of and in cooperation with corrupt PNP officers, then struck out on his own as a private detective, specializing in confidence swindles of women that involved kidnapping, false arrest, and extortion. The PNP's Police Anti-Crime and Emergency Response (PACER) unit finally arrested Soriano on January 31, 2005 after he received 200,000 pesos (\$3,600) and a late model Mitsubishi van in exchange for the release of his latest victim, whom he had "arrested" on drug charges and held in a hotel for days. According to PNP comments to the press, Soriano's extortion efforts involved the cooperation of eighteen PNP members -- including a station commander -- from the Western Police District (the command partially responsible for securing US Mission facilities). All eighteen, however, defied orders from the Chief of the National Capitol Region Command (the equivalent of a two-star general in command of all of Metro Manila's police forces) and then-Chief Aglipay to appear for questioning for over a week, although the PNP subsequently placed them all on "floating" status -- no work with full pay -- pending further disciplinary action. According to PNP contacts, many of the eighteen are now seeking the protection/intercession of prominent politicians and hoping to wait out the glacial pace of the criminal courts and the PNP's disciplinary procedures.

FINANCIAL GAMES

¶12. (SBU) In a January 2005 meeting on GRP anti-corruption initiatives attended by the Ambassador and representatives of the Millennium Challenge Corporation, then-Chief Aglipay reported that 91.7 % of the PNP's 34.8 billion pesos budget (\$633,036,363) is earmarked for "Personal Services" (salaries and other direct payments). A lack of efficient internal controls traditionally allowed unscrupulous officers to pad salary rolls with "ghost" (or "15-30") employees who do not work, but only appear on the 15th and 30th of each month to collect their salaries. The former Chief of the Records Management Division told poloff that it took the majority of his two-year tenure to computerize the records of all 117,000 PNP members, including purging the rolls of "ghost cops." NAPOLCOM is presently investigating three members of the Masbate Police Provincial Office (PPO) in Region 5 working in the finance and human resources section for their reported failure to stop the issuance of paychecks in the name of a fellow PNP NCO currently serving a six to ten-year sentence for attempted murder. Other corrupt activities include officials swindling subordinates' salaries and/or allowances by forging their signatures on the payroll list, submitting documents to the unit's finance officials, and keeping the money. Red tape and corruption also plague the PNP's processing of retirement claims. Delays in the payment of retirement benefits have created opportunities for "fixers" to expedite claims, sparking a protest of dozens of retired police officers in front of the PNP's Camp Crame headquarters on March 7.

¶13. (SBU) Before his retirement, Aglipay announced a series of financial reforms including a tenure limit for PNP

comptrollers, as well as finance, budget, fiscal, and disbursing officers, to terms of no longer than five years, published monthly reports on the utilization of funds, use of automated teller machines (ATMs) from the Land Bank of the Philippines to pay employees instead of paper checks, removal of management sections from the Comptrollership, and an internal audit service. Aglipay recommended as well the full computerization of the personnel and financial information database system by July 31. However, Embassy contacts have noted that the PNP faces severe fiscal and personnel challenges in implementing these financial and personnel reforms even if the new PNP leadership is serious about continuing this effort.

PROCUREMENT AND FINANCIAL MESS

¶14. (SBU) The PNP's Camp Crame Headquarters sits across Espiritu De Los Santos Avenue (EDSA) from the Department of National Defense and Headquarters of the Armed Forces of the Philippines (AFP). As the AFP and PNP were only separated 14 years ago, most officers above the rank of Captain or Police Chief Inspector share the common alma mater of the Philippine Military Academy and face similar difficulties to DND and AFP in procurement, logistics, and financial administration related to corruption and incompetence. PNP officers from the Directorate for Plans sit in on briefings on Philippine Defense Reform (PDR) by the AFPs J-5 (plans) counterparts. Some have admitted to poloff that they now more fully realize the need for a PDR-like process to improve the PNP's procurement systems to allow for more accountability and transparency. At present, the PNP's attempts at reforms in this area lack the PDR's comprehensive and strategic focus, officers have noted.

¶15. (SBU) PNP officials have cited the example of a controversial procurement decision in 2003 to replace existing stocks of 9mm handguns with caliber .45 1911-A1 pistols. In a 20-million peso (\$377,358) contract, the PNP amended its 1995 specifications for caliber .45 handguns. This change caused gun dealers to complain that the changes were made to allow only the purchase of model 1911-A1 pistols made by Arms Corporation of the Philippines (Armscor). Gun dealers grumbled that the PNP sought to "change the rules to favor the company owned by (First Gentleman) Mike Arroyo's first cousin" (Demetrio "Bolo" Tuason). One disgruntled gun dealer commented that "if this isn't tailoring specs to favor Armscor, then I don't know what is." Gun dealers also complained that, in tests conducted by the PNP in October and November 2003, the Armscor pistols' safety broke during the drop test and jammed at 3,000 rounds, when the PNP's minimum for an endurance test is 5,000 rounds. During training conducted in 2005 in the Philippines by Joint Inter-Agency Task Force-West personnel, trainers commented that the Armscor .45s were unreliable, inaccurate, and potentially dangerous to the operator. Nevertheless, Armscor remains an approved supplier to the PNP.

¶16. (SBU) Almost 3 million pesos (about USD 52 million) -- or 8.29% of the PNP's total budget-- is dedicated to maintenance and operations, but Embassy contacts have reported that corrupt officers have many tricks to divert at least some of these funds. Popular practices include skimming the operational funds as they come down the chain of command, "conversion" (when officers spend money specifically allocated for one item on another), and "throwback" (when corrupt officers allocate funds for an imaginary project and pocket the money). PNP contacts have commented that the PNP has zero funds dedicated for capital outlays, leading to some "necessary" conversion in the form of misfeasance or "honest graft," in order to provide construction support for needed offices or services dedicated to officer welfare such as sports, recreation, or health facilities. Additionally, PNP officers sometimes find themselves under a command order to go on motorcycle patrol but without available gasoline funds, leading them reportedly to solicit -- or coerce -- needed funds from local businesses or individuals.

COMMENT

¶17. (SBU) The PNP management is a mess. Few PNP officials would even try to deny this reality, which severely affects the credibility of the GRP and public perceptions of governance. Cops are among the most noticeable of public servants, and daily exposure to corrupt, inefficient, or badly managed police officials is a cancer upon the body politic. Systemic flaws need institutional reforms that training programs, such as the USG has conducted through USDOJ's ICITAP as well as other assistance from international donors including the Australians and the British, do not provide. Embassy's inter-agency Law Enforcement Working Group strongly urges INL funding for our proposed Management Assessment of the Philippine Police (MAPP) (ref E), which envisions a joint US-Philippine analysis of the PNP's institutional flaws in order to provide recommendations for

restructuring, modernization, and professionalism, similar to what the Armed Forces of the Philippines hope to achieve from the PDR bilateral initiative. The PNP and senior GRP leadership has never been more willing to buy into such an in-depth study. Embassy believes that the GRP would, as with the PDR, agree to absorb the bulk of the costs for undertaking suggested reforms, given the growing realization that failure to pursue such a course will further enfeeble the PNP, hamper the improvement of rule of law, lead to greater crime and corruption, lessen the peace and order needed for faster economic growth, and undermine public safety and internal security in the face of existing terrorist activities and insurgencies. In the absence of such systemic PNP reform, popular impatience for better police performance and management -- exacerbated by the belief that nearly everyone in the PNP is corrupt -- may also encourage more public support for elected officials, such as the mayors of Davao and Cebu, who have openly supported the use of extra-judicial killings, coordinated in concert with local police forces under their control, as a means of controlling crime (refs B, C, D). Such an outcome would be disastrous to the human rights climate in this treaty ally and democratic partner, and would also undermine or harm progress on major USG goals here to combat terrorism, narcotics trafficking, trafficking in persons, and other transnational problems.

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